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EAEC idea revived (HL)

Ashraf Abdullah in Singapore

EAST Asian countries which had earlier dismissed as irrelevant the proposal for an East Asia Economic Caucus, have now realised that such a grouping will give them a stronger voice and make them less vulnerable to economic crises.

Prime Minister Datuk Seri Dr Mahathir Mohamad, who mooted in 1992 the idea for the EAEC comprising Asean countries as well as China, Japan and South Korea, said yesterday the idea was being revived by the East Asian countries because there was also a need to balance development in the region with other parts of the world.

Asked why the East Asia countries which rejected his idea for a formal East Asian grouping, were now trying to revive it, Dr Mahathir said:

"In the first place, we find that we are quite vulnerable. Even the big countries are vulnerable. The idea of an economic get-together, a caucus, group or community is to balance the developments in other parts of the world."

Dr Mahathir said after the financial crisis, countries especially those which were affected began to realise that it was important to have a grouping.

"It is necessary that East Asian countries go into huddle to discuss any new ideas, globalisation for example. Globalisation is touted to be very good for everybody including the developing countries. But is that so? Let's go through it, let's do some modelling to see what happens when we embrace globalisation.

"This also applies to other fantastic ideas which will make us all very, very rich. But we have not seen ourselves getting rich, we have seen ourselves getting poorer," he said when speaking to reporters at the end of the Fourth Asean Informal Summit.

Dr Mahathir said the West which had its own grouping such as the European Union and North American Free Trade Agreement had gained from the Asian financial crisis. Dr Mahathir said East Asia should also have a grouping similar to the EU and Nafta so that Asian countries could argue its causes more effectively.

The leaders attending the summit agreed on Friday to set up a study group to look into the possibility of formalising an East Asian grouping comprising all 10 Asean nations as well as China, Japan and South Korea.

Currently, Japan, South Korea and China are Asean's dialogue partners.

Eight years ago, the last time Singapore hosted the Asean summit, the grouping endorsed the establishment of the EAEC.

The Singapore summit in 1992 had endorsed the Malaysian proposal but changed the name from East Asian Economic Grouping to EAEC. Dr Mahathir's idea was for Asean to establish a loose, consultative forum to promote co-operation and protect members interest.

The EAEC was to group Asean and China, South Korea and Japan, which are the three countries in the Asean+3.

The United States had opposed to the establishment of the EAEC from the start, claiming that the Asia-Pacific Economic Co-operation was sufficient.

Japan and Singapore, being allies of the US, also objected to the setting up of the EAEC.

The Asean+3, which was formalised in 1996 in Bangkok, is in effect the Asian group in the Asia-Europe Meeting (Asem) process, which last held a

leaders' meeting in Seoul last month.

Dr Mahathir said although a free trade area and concessions for investments within the grouping would be among the areas included in the study, it would not happen in the near future.

"We think the idea of closer co-operation between Asean and the three North Eastern countries is very good ... not only in the economic field, but also politically and culturally.

"We think there is a possibility of free trade and investments in the zone, but that is not going to happen anytime soon. We need to identify the problems and concerns of the participants to make sure that such an arrangement will not be bad for some of the less developed Asean countries."

On his bilateral meeting with his Japanese counterpart Yoshiro Mori, Dr Mahathir said Malaysia had expressed the hope that Japan would participate in a study of the international financial architecture, particularly to identify the root causes of the 1997 financial crisis.

"Japan pointed out that the Group of Seven has carried out a study and has made some recommendations. We are of the view that those recommendations are inadequate and do not serve our purpose."

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